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C O N F I D E N T I A L SECTION 01 OF 02 DUBLIN 001418

SIPDIS

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SUBJECT: IRISH AGRICULTURE MINISTER INFLEXIBLE ON EU DOHA OFFER

REF: DUBLIN 1322 AND PREVIOUS

Classified By: Ambassador James C. Kenny; Reasons 1.4 (b) and (d)

1. (C) Summary: In a November 15 meeting with the Ambassador, Agriculture Minister Mary Coughlan reiterated GOI inflexibility on the EU agricultural proposal for the Doha negotiations. She remarked that Irish farmers would not allow further concessions on agriculture, as they faced an uneven playing field in trade with countries like the United States and Brazil. She also observed that CAP reforms and industry consolidation were taking a toll on farm communities, to the detriment of Ireland's communal well-being. The Ambassador said that he understood the Minister's political concerns, but he stressed the importance of advancing the Doha Round as an opportunity to lift hundreds of millions out of poverty. Coughlan's arguments were consistent with views shared recently with Post by other GOI officials, who have pointed up the dangers of offending farmers ahead of Ireland's 2007 general elections. End summary.

Mandelson at the Limit

2. (C) In a November 15 meeting with the Ambassador, Irish Agriculture Minister Mary Coughlan reiterated GOI inflexibility on the EU agricultural proposal for the Doha negotiations leading to the December Hong Kong Ministerial. Coughlan noted that Commissioner Mandelson had "pushed the boat to the limit" with the EU's latest offer and that he might have even exceeded his mandate on market access issues. She also pointed out that she had been among the first Member State agriculture ministers to oppose the EU's original proposal as excessively generous.

A Loss of "Social Capital"

3. (C) Minister Coughlan highlighted the continuing economic and social significance of the agricultural sector, which currently accounts for nine percent of employment and five percent of GNP. She observed that while the sector's contribution to the overall economy had diminished, farm communities remained integral to the fabric of Irish society. She elaborated that, unlike in other EU countries, Irish farms were comprised primarily of small land holdings that were worked by individual families. Irish farmers recognized that, to be competitive, the farm sector would have to undergo technological upgrades and consolidation; this process, however, would mean a loss of "social capital," the term recently used by Prime Minister Ahern to convey communal heritage and well-being. Added to this difficult transition was the 2003 CAP reform package, which had been similarly hard on farmers. Minister Coughlan added that the EU sugar regime reforms, to be discussed at the November 22-24 EU Agricultural Council meetings, would be another blow to the sector, particularly for Ireland's 3,600 sugar beet farmers.

A Perception of an Uneven Playing Field

4. (C) Coughlan remarked that a lack of "parallelism" in agricultural trade accounted for Irish farmers' opposition to the EU proposals for the Doha negotiations. Rising food imports from non-EU countries, including, most notably, beef, were displacing local products in the Irish market, she noted. At the same time, Irish farmers felt that EU regulation on traceability in their production had hamstrung their ability to compete with non-EU countries, especially those that took a more laissez-faire attitude toward such controls. Coughlan added that while Ireland was a long-standing advocate of the developing world, WTO negotiators needed to distinguish Sub-Saharan African countries from countries like Brazil, which had internationally competitive agricultural sectors and significant capacity for expanded agricultural production.

5. (C) Ireland, she continued, also sought "parallelism" with the United States. She explained that Irish farmers would never agree to income support cuts beyond the CAP reforms in exchange for "mere" U.S. promises to reduce income subsidies in the yet-to-be finalized U.S. farm bill. "Our farmers want a level playing field and more definitive movement from the United States to that end," she concluded,

adding that questions on the evolving U.S. farm bill diminished the credibility of the U.S. agricultural offer.

The Ambassador's Push for a Successful Doha Round

16. (C) The Ambassador said that he understood the political dynamic underlying Coughlan's concerns, but he stressed the importance of moving forward with the Doha Round and of helping developing nations through trade. He cited World Bank estimates that a successful Doha Round would lift several hundred million people out of poverty. He also observed that, in 20-30 years, there would be over 2 billion people living in Africa and that the WTO negotiations would directly affect the prospects for economic growth and food sufficiency on the continent over that time frame. The Ambassador added that China had moved 400 million people out of poverty since President Nixon's opening to the country in the 1970s, a success that was built largely on increased opportunities for trade and investment. This example, he said, could find a mirror image in today's developing countries with a successful Doha Round.

17. (C) Comment: The meeting with Minister Coughlan was the latest Doha-focused discussion that the Ambassador/Post has had with high-ranking GOI officials in recent weeks. Per reftel, these officials have uniformly explained that the GOI cannot support further EU concessions on agriculture, lest the governing Fianna Fail party "lose" the politically influential farm community ahead of Ireland's 2007 general elections.

KENNY